

The indirect medical education and disproportionate share adjustments for the acute inpatient PPS

ISSUE: Are changes needed in the level and distribution of Medicare's indirect medical education (IME) and disproportionate share (DSH) adjustments?

KEY POINTS: The IME adjustment pays for the added patient care costs of operating graduate medical education programs (as measured by each hospital's resident-to-bed ratio), and the DSH adjustment was designed to compensate for the added costs of treating low-income patients (as measured by a low-income patient share).

At this session, we will present the results of an analysis of the impact of options for modifying the IME and DSH adjustments. We will also discuss the need for modifying CMS's instrument for collecting data on hospitals' uncompensated care and options for how uncompensated care data might be used in distributing payments.

ACTION: Commissioners should provide feedback on our impact analysis and discuss options for modifying IME and DSH payment policy along with CMS's collection of uncompensated care data.

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